

II. CONSTRAINTS TO HOUSING PROVISION

Actual or potential constraints on the provision of housing and the cost of housing affect the development of new housing and the maintenance of existing units for all income levels. Governmental and non-governmental constraints are discussed below.

Governmental Constraints

Governmental constraints can limit the operations of the public, private and nonprofit sectors making it difficult to meet the demand for affordable housing and limiting supply in the region. Governmental constraints include growth management measures, land use controls, building codes, processing fees, and site improvement costs.

Regional Land Supply

The San Diego region is growing with a population growth of nearly one million persons over the next twenty years and a need for approximately 360,000 new homes to accommodate this growth. In accordance with SANDAG's 2020 Regionwide Forecast, the current collective general plans of the region's cities and the county lack sufficient residential capacity to meet this demand. In addition, much of that capacity is represented in lower-density single family designations in areas outlying from existing and planned employment areas and regional activity centers. In response to the anticipated growth of the region and the assessment of existing land use plans, SANDAG has developed a strategy for regional growth management called Region 2020. The Chula Vista City Council has adopted a Resolution of Support for REGION2020 and the "smart growth" principles embodied in the Regional Growth Management strategy. Unlike some of the region's other cities, Chula Vista also has a substantial inventory of land available for residential development, including both single family and multi-family capacity.

Land Use Controls

Land use controls take a number of forms that affect the development of residential units. These controls include General Plan policies, zoning designations (and the resulting use restrictions, development standards, and permit processing requirements), development fees and local growth management programs. The City's Growth Management Program ensures that quality of life standards are maintained as the City grows. Unlike many local growth management programs, Chula Vista's program does not place a numerical limit or cap on new dwelling units.

The General Plan establishes the overall character and development of the community. Chula Vista's General Plan designates substantial areas of vacant land for residential development at a variety of densities. Most of the vacant land is located within eastern Chula Vista and will be developed within master planned communities under the "Planned Community (PC) Zone", which permits varied densities and the use of flexible development standards.

The section on Housing Opportunities presents more detailed information on the availability of residentially zoned land. In summary, there is sufficient vacant land in Eastern Chula Vista to accommodate 28,569 additional units. Of these units, 41 percent will be higher density multi-

family (Medium High at 11 to 18 units/acre and High at 18 to 27+ units/acre). Another 11 percent will be in the 6 to 11 units/acre range which typically generates patio homes/townhomes. The remaining 48 percent are at densities for single-family homes (mostly Low Medium at 3 to 6 units/acre, and some Low at 0 to 3 units/acre).

The residential zoning designation controls both the use and development standards, and influences the housing to be developed. There are currently six different zones that allow residential development by right in Chula Vista. Another seven zones conditionally allow residential development. More specifically, the Zoning Ordinance includes a Mobilehome Park (MHP) zone, mixed-use development zones, and the construction of residential projects in certain commercial zones.

Chula Vista allows dwelling groups, two or more detached dwellings on one parcel with a common yard or court, by right in the R-2 zone and with a Conditional Use Permit (CUP) in the RE & R1 zones. All zones require site plan and architectural approval.

Housing developments for seniors may be allowed in any zone except the R-1, R-2, C-V, C-T, and industrial zones. Because the residents of such developments have dwelling characteristics which differ from those of families and younger persons, it is not appropriate to apply all of the normal zoning standards. Senior housing is allowed with a CUP and the Planning Commission and City Council may make exceptions to the density, off-street parking, minimum unit size, open space, and such other requirements as may be appropriate. The Planning Commission and City Council may also adjust required setbacks, building height, and yard areas as appropriate to provide an adequate living environment both within the development and on nearby properties. Any exceptions and adjustments shall be subject to the condition that the development will be available for occupancy by seniors only.

The City does not have a provision for accessory dwelling units. Accessory structures are a permitted use in any R zone, however they are not allowed to have a kitchen and are not intended as living quarters. Guest houses are permitted as accessory uses in the Agriculture and Residential Estate (RE) zones subject to provisions in the Municipal Code and not rented or otherwise conducted as a business.

Table 20 and Table 21, below, show the allowed or conditional uses and development standards for each of the zones, as well as referencing the chapter of the Zoning Ordinance containing the applicable zoning regulations.

TABLE 1: ZONES ALLOWING RESIDENTIAL DEVELOPMENT BY RIGHT

Zone/Applicable Ordinance	Allowed Residential Uses	Minimum Lot Area	Lot Coverage	Building Height
Agriculture (19.20)	Single family dwelling, manufactured home or mobile home	One unit per parcel or lot	N/A	35 feet
R-E – Residential Estates (19.22)	Single family dwellings	20,000s.f. avg; 15,000 s.f. min.	45%	28 feet
R-1 – Single Family Residence (19.24)	Single family dwellings	6,000s.f.	50%	28 feet
R-2 – One and Two Family Residence (19.26)	Single family, duplex, or attached SF dwellings	7,000s.f.	55%	28 feet
MHP – Exclusive Mobilehome Park (19.27)	Mobile home parks	By plan	By plan	By plan
R-3 – Apartment Residential (19.28)	Multiple dwellings, townhomes or duplexes	7,000s.f. min. building site; min. 1350s.f. per unit	By setbacks	28 to 45 feet max.
PC – Planned Community (19.48)	By plan (see Table 32 for types & capacities in approved PC projects)	By plan	By plan	By plan

TABLE 2: ZONES CONDITIONALLY ALLOWING RESIDENTIAL USES

Zone/Applicable Ordinance	Residential Uses Allowed	Conditions for Residential Use
C-O – Administrative and Professional Office (19.30)	R-3 residential uses	Per R-3 regulations.
C-B – Central Business (19.32)	R-3 residential uses	Must be above ground floor commercial uses.
C-C – Central Commercial (19.36)	Mixed commercial-residential projects	CUP approval required.
I-R – Research Industrial (19.42)	Single family unit as an accessory use	Must be for the exclusive use of caretaker.
I-L – Limited Industrial (19.44)	Single family unit as an accessory use	Must be for the exclusive use of caretaker.

Zone/Applicable Ordinance	Residential Uses Allowed	Conditions for Residential Use
I – General Industrial (19.46)	Single family unit as an accessory use	Must be for the exclusive use of caretaker.
P-Q – Public/Quasi Public (19.47)	Single family unit as an accessory use	Must be for the exclusive use of caretaker.

Some development standards, such as parking, are based upon use rather than the zoning designation. The parking standards for residential uses vary based upon the unit type. Single family homes and duplexes require a two car garage. Townhouses require two parking spaces to be provided in a garage or carport. Apartment parking standards are less restrictive: One and one-half parking spaces for each studio or one bedroom unit and two parking spaces for units with two or more bedrooms. No guest parking is required.

As specified in Housing Element Program 3.3.2 – Development Standards, the City will evaluate and consider, on a case-by-case basis, the possibility of waiving or modifying certain development standards to encourage the development of low and moderate-income housing. The City may provide a reduction or modification in site development standards, zoning code or architectural design requirements for those eligible affordable housing projects requesting such reductions or modifications consistent with Government Code Section 65925(h).

Growth Management

The following growth management provisions exist in Chula Vista:

- a. **Threshold Standards:** Adopted in November 1987, the "thresholds" established performance criteria and standards for eleven public facilities and services to ensure residents' "quality-of-life" in conjunction with growth. They addressed such matters as minimum "Level of Service (LOS)" to be maintained on roadways, police and fire response times, minimum park acreage and library square footage per 1,000 persons, and guarantees for school, water, and sewer service as examples.

- b. The Standards included two types of implementation measures, those for application by staff on a project-by-project basis, and those to be applied Citywide on a periodic basis. For the latter, a Growth Management Oversight Commission (GMOC) was formed and tasked with an annual review and report on Citywide compliance.
- c. Growth Management Element: Incorporated with the General Plan Update in April 1989, it sets forth the City's goals, objectives, and policies related to protection of residents' quality-of-life. This element established a City commitment consistent with the concept of the Threshold Standards and Controlled Residential Development Ordinance.
- d. Growth Management Program: Adopted in April 1991, it serves as the implementing mechanism for the Growth Management Element of the General Plan. It sets a foundation for carrying out City development policies by directing and coordinating future growth to ensure timely provision of public facilities and services. As such, its primary focus is Eastern Chula Vista where large tracts of vacant land are to be developed. The program document sets forth guidelines for relating development phasing to facilities master plans at the project level, and establishes requirements for facilities guarantees at various stages of project planning and review.
- e. Growth Management Ordinance (Chula Vista Municipal Code Chapter 19.09): Enacted in May 1991, codifies Growth Management intents, standards, requirements, and procedures related to the review and approval of development projects.

The principal foundation of the City's various measures is recognition that large scale future growth creates tremendous demands for public facilities and services, which if not adequately addressed, will result in shortages detrimental to public health, safety, and welfare. Development of the Growth Management Program involved preparation of several facilities master plans sufficient to support the land use base of the updated City General Plan consistent with adopted Threshold Standards. Preparation of those master plans included a comprehensive survey and analysis of existing conditions and levels of service.

Although the Growth Management Program is targeted toward eastern Chula Vista where large vacant tracts of land are being developed, Threshold Standards are applicable Citywide. Through the Implementing Ordinance (Chula Vista Municipal Code, Chapter 19.90) discretion is reserved to exempt those projects which through their size and/or location do not possess potential to significantly impact facilities and services. This level of significance is defined through the environmental review process on each project, which specifically measures related facility and service needs, in comparison to Threshold Standards performance, and identifies if mitigating actions are necessary.

In such instance that a project, due to its location and/or timing, is required to provide a facility(ies) exceeding its needs, a benefit assessment is made to determine the amount and/or location of additional developments being served, and appropriate financing mechanisms and reimbursement agreements are then established.

The City's ability to accommodate its Regional Share allocation is not impacted, as the measures do not establish any form of building cap. Rather than attempting to artificially limit growth, the measures are aimed at ensuring adequate and timely services and facilities for growth produced by market forces.

Building Codes and Code Enforcement

The City's Planning and Building department administers and enforces the California Building Code, which ensures construction in accordance with widely adopted health and safety standards. The City does not vary from these standards.

The City of Chula Vista administers code enforcement programs designed to protect the health, safety, and welfare of its citizens. The City's Planning and Building department, in conjunction with the City Attorney's office, undertakes abatement proceedings for deteriorating and substandard housing or illegal housing units. The City's Code Enforcement Section of the Planning and Building Department currently detects and abates violations of the State and City Housing and Health Codes as they relate to substandard housing. The Code Enforcement Section administers the Community Appearance Program in an attempt to educate and encourage corrections of Code violations from reaching a point of costly remedy.

On- and Off-Site Improvements

The City has a variety of requirements established by both the Zoning and Subdivision Ordinances, such as development standards and off-site improvements. These requirements are those necessary to ensure adequate livability and lasting value in housing such as sewers, streets, curb-gutter-sidewalk, lighting, drainage, recreational open space, parking, etc.

The City allows for the reduction of standards to help offset costs for senior housing projects. The City also considers the reduction of standards to help offset costs and financial participation in the construction of infrastructure for those eligible housing projects as a method of "additional incentive" under the State's revised Density Bonus Provisions.

Fees and Exactions

According to the BIA's 1999 Development Impact Fee Survey, the City of Chula Vista ranked sixth out of the 18 jurisdictions and the County of San Diego in average total residential development impact fees as shown in Table 22 below. Since fee values vary between and sometimes within jurisdictions, a method was needed to compare fees across jurisdictions. To accomplish this task, a prototypical structure was created for residential development. For the prototypical structure, existing fee levels by individual jurisdictions were applied. The prototypical structure encompasses characteristics representative of development averages.

The BIA created a prototypical structure for residential development based on a three-bedroom, two-bath, single-family home with a 2,000-square foot living area, 400-square foot garage, and a 240-square foot patio. The construction was Type V, wood frame construction.

TABLE 3: RESIDENTIAL DEVELOPMENT IMPACT FEES* AS LEVIED BY JURISDICTION, PER PROTOTYPE SAN DIEGO REGION, 1999

Solana Beach	\$32,458
Poway	\$29,974
Carlsbad	\$27,136
City of San Diego	\$26,586
San Marcos	\$24,267
Chula Vista	\$23,927
Santee	\$23,532
Escondido	\$20,999
Oceanside	\$20,695
Encinitas	\$18,850
Vista	\$17,041
County of San Diego	\$16,564
El Cajon	\$12,460

*Impact fees include fees collected by non-city agencies (water, sewer, and school district fees)
Source: BIA's 1999 Development Impact Fee Survey

The ranking of these jurisdictions in respect to fees shows that cities with newly developing areas (where no facilities/services are now available) tend to have higher fees than those which are experiencing mostly in-fill development.

Most new growth in the region will be in newly developing areas where high fees are needed to assure that new growth pays its way.¹ The effect of these high fees can be partially mitigated by inclusionary programs where the affordability of the units is assured and development costs (including fees) can be spread over a large and varied mixture of housing types.

In general, the City requires affordable housing projects to pay the same fees as market rate residential developments. When faced with high or increased development costs, these projects do not have the ability to pass these costs on to the project due to their budget limitations and rent restrictions. According to affordable housing developers, permit processing fees and local development impact fees are one of the major governmental roadblocks to the production of affordable housing for low-income households. Based upon information obtained from tax credit applications of several affordable housing developments, local permit processing fees represent ten to fifteen percent (10 to 15%) of the development budget of these developments. Affordable housing developers strongly advocate the City to waive, reduce, or at a minimum, defer fees for affordable housing.

¹Proposition 13 significantly hampers a jurisdiction's ability to raise general fund revenues for facilities/services for new growth.

Affordable Housing Program

Inclusionary housing programs are seen as “the best, perhaps even the only, currently available means by which residential integration can be actively fostered” and housing affordable to a less affluent population provided.² Without the availability of offsets and flexibility to such programs, inclusionary zoning can become a constraint or an exaction on new development by shifting the burden of subsidizing low-income affordability from government to private builders.³

Chula Vista has an inclusionary policy which requires all projects of 50 or more dwelling units to provide ten percent of the housing for low- and moderate-income households, with five percent affordable to low-income households. The requirements primarily affect those master planned projects in the developing eastern portion of Chula Vista. This program also provides for alternate methods of compliance including the dedication of land, off-site development, and in-lieu fee.

The cost of compliance may be mitigated by regulatory concessions, waivers, bonuses, or financial assistance. The City typically participates financially in the development of affordable housing through a residual receipts loan to assist with development costs such as property acquisition and development fees. The City has also provided other regulatory concessions, such as reductions in parking and density bonuses as offsets.

Processing and Permit Procedures

To verify compliance with the variety of use regulations and development standards, development projects undergo varying degrees of discretionary review. The extent and duration of project processing varies widely by type of application. Table 23 below shows the types of discretionary review for residential development and their typical processing time and costs as of January 2001. The processing times listed below include the typical time of completing and reviewing a permit (time from the completed application date to final decision date). The costs listed are only permit processing costs and do not include any costs associated with facility impact or in-lieu fees.

² Mallach 1984, *Inclusionary Housing Programs: Policies and Practices*. New Brunswick, NJ: Center for Urban Policy Research, Rutgers University.

³ Coyle, Timothy. 1994. Barriers to Affordable Housing. Memo for Housing Task Force Members, Department of Housing and Community Development (HCD). Sacramento, CA. November 2.

TABLE 4: DISCRETIONARY REVIEWS FOR TYPICAL RESIDENTIAL DEVELOPMENTS

Type of Development	Permits/Processes Typically Required	Typical Approving Entity	Typical Processing Time	Typical Cost (Full Cost Recovery)
Single Family House (1 unit) or Duplex	NONE Design Review (Only in Precise Plan Districts (P) and Design Control Modifying Districts (D))	_____ Zoning Administrator	_____ 6-8 wks	_____ \$350
Small MF Project with or without Parcel Map (2-4 units)	Initial Study Design Review	Decision Making Body* (DMB) Zoning Administrator or Design Review Committee	12-16 wks 8-10 wks	\$1,000 Deposit \$1,000 Deposit
Medium-sized Project with Tract Map (5-50 units)	Initial Study Design Review Tract Map	*DMB Design Review Committee Planning Commission and/or City Council	12-16 wks 10-12 wks	\$1,000 Deposit \$1,000 Deposit \$1,000 Deposit
Large Project with Tract Map (more than 51 units)	Initial Study Design Review Tract Map	*DMB Design Review Committee Planning Commission and/or City Council	12-16 wks 10-12 wks	\$1,000 Deposit \$1,000 - \$2,000 Deposit \$1,000 Deposit

Notes:

- Steps/permits for 2 or more units typically involve:
 - Environmental Clearance
 - Design Review
- Processing times overlap and are typically from acceptance of a complete application to final discretionary action.
- Costs:
 - Includes permit processing fees, and do not include facility impact fees or in-lieu fees.
 - Small Project types typically is covered by the deposit
 - Medium to Large Projects often exceed the required deposit
- Environmental Review
 - Initial Study typically results in a Negative Declaration or Mitigated Negative Declaration or in some cases an Environmental Impact Report.
 - Projects that are determined through the Initial Study to have significant environmental impacts require an Environmental Impact Report (EIR). Typical processing time would then be 12 to 14 months. For an EIR typically an additional \$5,000 deposit is required.

Residential projects requiring subdivision of land and additional regulatory approvals such as re-zonings will require longer periods of review than those for which only ministerial approvals are needed. The costs resulting from the additional review time helps determine the true cost of housing as such costs are added to the price of housing and ultimately passed on to the consumer. The processing required, however, is necessary to comply with the law and ensure proper and thorough review without compromising environmental quality or public safety.

Priority processing is utilized to reduce the processing time for the development of affordable housing. Through coordination with the Community Development Department, the Planning Division will continue to prioritize projects that provide affordable housing. The Planning and Building Department is structured to specialize staff in the various facets of planning a project (Community Planning Section, Environmental Section, Development Processing Section, etc). This enables staff with the greatest expertise on a particular aspect (such as environmental a review, design review, or site plan review) to “fast track” their review. Sections also coordinate internally to concurrently process all applications related to a single project, and in the case of large, master planned developments, staff teams are specifically assigned to process each development. Specialized staff teams and inter-division coordination results in substantial savings of time in achieving complete project approval and the start of construction.

Affordable housing projects are extremely sensitive to processing and permit procedures that result in time delays. Such time delays in the processing of affordable housing projects lead to higher costs for the project and jeopardize available funding sources. When faced with high or increased development costs, these projects do not have the ability to pass costs on to the project due to their budget limitations and rent restrictions. Additionally, they are time sensitive due to the established deadlines for funding sources. Affordable housing developers strongly advocate the City to continue to utilize a fast track process for affordable housing.

Federal and State Environmental Protection Regulations

The CEQA (California Environmental Quality Act) requires environmental review for most proposed discretionary actions and for certain projects, review under NEPA (National Environmental Policy Act) is also required. The State and Federal Endangered Species Acts and the Clean Water Act can further affect project requirements, and in southern California, have largely brought about the Multiple Species Conservation Program (MSCP) which prescribes the assembly and management of large-scale habitat preserves to protect sensitive biological resources from the potential adverse affects of development.

Chula Vista has a substantial amount of environmental constraints due to its natural resources, sensitive habitats and coastal location. Environmental reviews under the above noted regulations can directly affect the processing of projects and result in higher development costs. These costs are associated with the extent of required environmental evaluations and analysis, resulting mitigations, mandated public review periods, and the fees, timelines and requirements imposed by State and Federal agencies for the processing and granting of necessary permits. Costs resulting from the environmental review process are added to the cost of housing and are subsequently passed on to the consumer. However, the presence of these regulations helps to preserve the environment and ensure environmental safety and a better quality of life for residents.

In order to minimize any delays, the City, whenever possible utilizes provisions within CEQA that allow for “tiering” of environmental reviews. This approach has been used for many of the residential master planned communities in the City’s developing eastern area. The first tier review includes analysis of general issues and impacts associated with the overall development in a broader Environmental Impact Report (EIR). Subsequent tiers include analysis of narrower plans and projects within later EIRs and/or Negative Declarations, focusing only on the impacts of individual projects that implement the overall development plan. Therefore, projects within subsequent phases of the development may proceed without the need for substantial additional environmental review, which can lead to relatively faster processing of these individual projects.

With further regard to the MSCP, while the set-aside of land for habitat preserves can affect the location and amount of land available for housing, Chula Vista’s proposed preserve configuration is largely in keeping with open space areas already established in the City’s current General Plan. As a result, the City’s proposed MSCP Subarea Plan does not have a substantive affect on the availability and capacity of land planned for new housing. Although the costs associated with mitigating habitat loss and assembling the preserve lead to higher costs associated with development, the MSCP’s comprehensive approach to establishing permissible development areas in relation to required preserve areas will effectively reduce the uncertainty as to mitigation requirements and costs for future development, than would have otherwise existed without the MSCP.

Infrastructure Costs

Proposition 13, a voter initiative which limits increases in property taxes except when there is a transfer of ownership, may have increased the cost of housing. The stream of funds received from increasing property taxes had been used as source for the financing of public infrastructure. Residential development cannot occur in the absence of supporting capital infrastructure such as streets, sidewalks, schools, parks, sewer, water, and electrical service.

In the aftermath of Proposition 13, municipalities have looked to other financing mechanisms to raise funds to pay for the necessary infrastructure. Public financing of infrastructure has turned toward revenue, lease-obligation, and other bond sources. Additionally, under California law, cities and counties have the authority to require developers to pay for infrastructure improvement through fees, the dedication of land to public use, or the construction of public improvements. The use of development fees in place of public debt accelerated rapidly in the aftermath of Proposition 13. To the extent that cities continue to raise development fees to recover the infrastructure costs associated with growth, there is a risk that such costs will result in higher housing prices that reduce housing affordability. In effect, the initiative forced local governments to pass on more of the costs of housing development to new home owners. The law also increased the initial cost of purchasing a home as future tax savings are imputed into the purchase price.

Construction Defect Litigation

With the cost of housing rising, there is a growing need to build more affordable, for-sale, single-family attached housing as a means to increase homeownership opportunities and affordable housing options. Construction defect litigation has served as a barrier to the production of this necessary rung in the housing ladder.

California Civil Code provides that any construction defect action “may be brought against any person who develops real property or who is involved in the design and/or planning of the property”. This provision, combined with the ten year statute of limitations, makes developers responsible for any defect that occurs, including ones that were not apparent at the time of construction. In the past decade, the expense of construction defect litigation and threat of litigation has resulted in a decrease in the number of new attached residential units being built (i.e., condominium, townhouse). From 1995 to 2000, numerous bills have been introduced to the State Legislature to address this issue. Construction defect litigation remains a barrier to the production of single-family attached housing.

Non-Governmental Constraints

A number of private sector factors contribute to the cost of housing. In 1998, for the construction of a single-family home costing \$215,400, construction materials and labor accounted for approximately 33 percent of the total development costs. Land and site improvement costs accounted for 37 percent of costs; developer overhead marketing and profit accounted for 14 percent; fees accounted for ten percent; and financing costs accounted for six percent. The following is a discussion of these factors and their impact on affordable housing development.

Land Costs

Residential land prices contribute significantly to the cost of new housing. Location factors such as proximity to freeway access, public facilities, coastal views, and such intangible factors as image and quality of life contributes to demand and price of land. The cost of improving the land, grading and added infrastructure are also major contributors. Land zoned for higher densities command higher market prices. In 1998, land costs in the San Diego region ranged from \$65,000 to \$230,000 per lot.⁴

Residential land costs in Chula Vista, on average, are currently \$200,000/acre, with the specific dollar/unit ratio obviously dependent upon zoning location and infrastructure. In surveying recent land purchases for several proposed single-family developments in the City, the average per lot cost for the raw land was approximately \$40,000. Improved land costs can vary widely depending upon the amount of improvements necessary including the amount of site grading to create buildable lots. As an example, a recently approved master planned project with 1,900+ units, has an estimated per unit site work cost of \$22,500.

Construction Costs

Construction costs are the second highest component of new housing. Construction costs are the total costs to developers exclusive of profit, but including fees, materials, labor, and financing. In 1998, multi-family housing construction costs in Chula Vista average about \$50 per square foot, excluding fees, land costs, and parking. Single-family home construction range from \$50 to \$70 per square foot. The current housing recovery has left the region with a labor shortage that is leading to higher labor costs.⁵

⁴Source: Building Industry Association, 1998

⁵Source: Building Industry Association, 1998

Estimates used for the sample development pro-forma followed these cost assumptions:

TABLE 5: COMPONENT COSTS IN MULTI-FAMILY HOUSING

New Construction Unit Price	\$105,000
Land	\$ 25,000 (24%)
Hard Costs (improvements, const.)	\$ 60,000 (57%)
Soft Costs (arch., eng., marketing, etc.)	\$ 20,000 (19%)

Chula Vista also participates in three programs that use volunteer labor (sweat-equity): Habitat for Humanity, Caring Neighbors, and Christmas in October. These programs have assisted in creating new or conserving existing affordable housing.

Availability of Financing

In 1998, interest rates in the San Diego region had fallen to their lowest levels in 30 years. Finance costs comprised approximately six percent of the total construction cost for a single-family house, a decrease of one percent since 1990.⁶

Interest rates also affect homeownership opportunities. In September of 1998, the posted interest rate on resale single-family homes was 6.34 percent on a 30-year, fixed-rate loan with a 20 percent down payment. On the median-priced home in San Diego County costing \$199,000, the monthly interest and principal payment would be \$990. In April 1989 when interest rates peaked at 11.3 percent, the comparable monthly payment on a median-priced home costing \$174,000 was \$1,359.

According to 1998 HMDA data analysis, multi-family lending was made available in every census tract in the City for the purposes of new construction and/or purchasing of existing housing complexes and home ownership. Citywide multi-family (5+ units) lending exceeded \$18,088,000 on 37 loans, and \$37,339,000 on 370 non-occupant loans. Homeownership mortgage lending exceeded \$293,185,000 on 1,742 loans.

Capital available for development of affordable housing includes: Redevelopment Set-Aside, Community Development Block Grant (CDBG), HOME funds, Federal and State Low-Income Housing Tax Credits, lending institutions' commitment under CRA, and Multi-family Revenue Bonds.

⁶Source: Building Industry Association, 1998